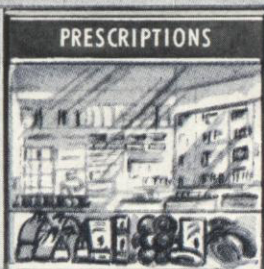
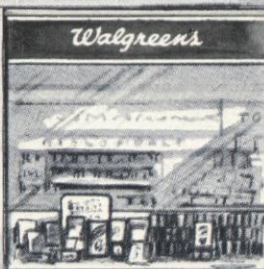
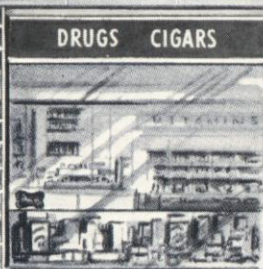
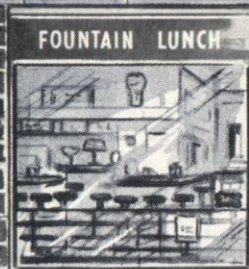


Annual Report

TO SHAREOWNERS

Walgreens

DRUGS



1955

Walgreen Co.

Officers and Directors

C. R. WALGREEN, JR... *Director—President*
A. A. BORG..... *Director—Vice President*
SANFORD J. BOWYER.. *Director—Vice President*
ROBERT G. KNIGHT... *Director—Vice President and Treasurer*
EDWARD P. LESLIE.... *Director—Vice President*
BERT O. PINCH..... *Director—Assistant Secretary*
R. G. SCHMITT..... *Director—Vice President and Secretary*
A. L. STARSHAK..... *Director—Vice President*
R. E. WALKER..... *Director—Agency Division*
O. G. GILE..... *Assistant Secretary*
W. W. LOW..... *Assistant Treasurer*
P. J. REDFORD..... *Assistant Secretary*
C. S. ZALEWSKI..... *Comptroller*

Company General Auditor..... M. W. PRATT
Public Accountants and Auditors..... ARTHUR ANDERSEN & Co.

Transfer Agents..... THE FIRST NATIONAL BANK OF CHICAGO
GUARANTY TRUST COMPANY OF NEW YORK

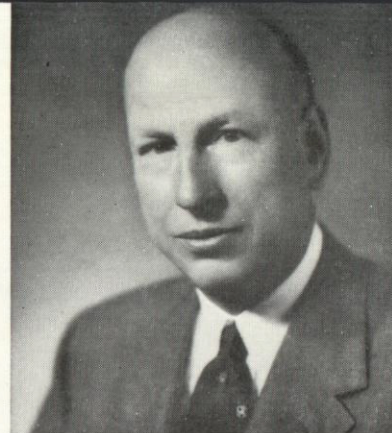
Registrars..... HARRIS TRUST AND SAVINGS BANK OF CHICAGO
THE FIRST NATIONAL CITY BANK OF NEW YORK

in 1955 . . .

EACH SHARE

(of 1,292,485 outstanding)

- had **SALES** of\$149.12
- made a **PROFIT BEFORE TAXES** of 6.18
- paid **INCOME TAXES** of 3.09
- and earned a **NET PROFIT** of 3.09
- paid its owner in **CASH DIVIDENDS**..... 1.85
- re-invested to **EXPAND** and **IMPROVE** the business 1.24
- bringing its **BOOK VALUE** at September 30 to 24.16



The President's Annual Message

THE improved trend of earnings upon which I commented to you in my letter of last April, has, I am pleased to say, continued throughout our fiscal year. \$3.09 a share was earned, against \$1.90 in 1954. Sales made a new record, surpassing last year by nearly eight and one-half million dollars.

Business conditions in the retail field were, and continue to be, very competitive. Customers have money, are highly selective and price conscious in their spending. Our employees are on a forty-hour week, and our wage rates are not only as good as, or better than, our retail competitors, but are influenced by trends in other less competitive types of business. The cost of most types of expense is higher. The improvement of earnings was, in the main, accomplished by doing a larger volume of business more efficiently, so as to reduce the ratio of expenses to sales.

The number of stores at our fiscal year end was 388, the same as the year before. During the course of the year a substantial number of stores were remodeled and upgraded in varying degree, while others were converted to self service. We opened 15 new self service stores, and had 65 in operation at September 30. We have been able to establish substantial and successful self service operations both in shopping centers, with ample parking, and in congested areas lacking such facilities.

During the current fiscal year we expect to open a somewhat larger number of self service stores, and to make further conversions to that pattern of operation. Most new stores will be in shopping centers, a type of development in which we have participated for many years.

Our Mexican affiliate, Sanborns, opened a handsome new store in the United States Embassy Building on the Paseo de la Reforma in Mexico City. Shareowners who visit Mexico are invited to visit Sanborns, and I shall be happy to hear from any who do so.

Business continues satisfactory, with sales running ahead since the beginning of our new fiscal year.

The improved results during the past year were achieved by the folks throughout all phases of our operations. While we, of course, face numerous problems of one kind or another, we feel that we can make further progress during the current year.

Sincerely,

A handwritten signature in dark ink, appearing to read "A. Walgreen, Jr." in a cursive script.

President

Chicago, November 22, 1955

Walgreen Co. and Subsidiary Companies

COMPARATIVE BALANCE SHEET

ASSETS		<u>1955</u>	<u>1954</u>
CURRENT ASSETS:			
Cash	\$	7,338,355	\$ 5,767,825
United States Government securities.....		745,159	741,524
Accounts receivable, less reserves.....		2,298,353	2,249,583
Inventories of merchandise, priced at the lower of cost or market, less reserves		23,306,991	22,516,940
TOTAL CURRENT ASSETS.....		<u>33,688,858</u>	<u>31,275,872</u>
PREPAID RENT, INSURANCE, TAXES, ETC.....		<u>883,422</u>	<u>1,014,423</u>
INVESTMENTS AND OTHER ASSETS:			
Investments in affiliated and other companies, at cost.....		1,616,903	1,604,413
Estimated net recovery of prior years' Federal income taxes.....		440,000	440,000
TOTAL INVESTMENTS AND OTHER ASSETS.....		<u>2,056,903</u>	<u>2,044,413</u>
FIXED ASSETS, at cost:			
Land		22,000	22,000
Buildings (on owned and leased land).....		1,554,101	1,554,101
Equipment		19,715,610	18,591,051
		<u>21,291,711</u>	<u>20,167,152</u>
Less—Reserves for depreciation.....		9,133,450	8,575,604
TOTAL FIXED ASSETS.....		<u>12,158,261</u>	<u>11,591,548</u>
GOODWILL, LEASEHOLDS, LEASEHOLD IMPROVEMENTS, ETC., at nominal amount		<u>1</u>	<u>1</u>
		<u>\$48,787,445</u>	<u>\$45,926,257</u>

—SEPTEMBER 30, 1955 AND 1954

LIABILITIES

	<u>1955</u>	<u>1954</u>
CURRENT LIABILITIES:		
Trade accounts payable	\$ 6,259,429	\$ 5,645,278
Accrued expenses and other liabilities.....	4,922,883	4,477,096
Federal and State income taxes.....	3,433,890	1,885,747
Notes payable	500,000	1,350,000
TOTAL CURRENT LIABILITIES	<u>15,116,202</u>	<u>13,358,121</u>

2½% NOTE, due August 15, 1960; amounts ranging from \$350,000 to \$500,000 due annually (current maturity included above)	<u>2,450,000</u>	<u>2,950,000</u>
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CAPITAL STOCK AND SURPLUS:

Common stock, \$10 par value—		
Authorized 1,955,522 shares; issued and outstanding 1,292,485 shares	12,924,850	12,924,850
Earned surplus, per accompanying statement.....	18,296,393	16,693,286
TOTAL CAPITAL STOCK AND SURPLUS.....	<u>31,221,243</u>	<u>29,618,136</u>
	<u>\$48,787,445</u>	<u>\$45,926,257</u>

Walgreen Co. and Subsidiary Companies

COMPARATIVE STATEMENT OF PROFIT AND LOSS

For the Years Ended September 30, 1955 and 1954

	<u>1955</u>	<u>1954</u>
SALES AND OTHER INCOME:		
Net sales and other store income.....	\$192,735,093	\$184,267,030
Other income (net).....	216,419	192,266
	<u>192,951,512</u>	<u>184,459,296</u>
COSTS AND DEDUCTIONS:		
Cost of sales and of selling, occupancy and administration, except depreciation	181,950,612	177,299,826
Depreciation of buildings and equipment.....	1,381,405	1,282,865
Provision for contribution to employees' retirement pension trust....	1,376,000	775,000
Improvements to leased properties.....	249,291	451,521
	<u>184,957,308</u>	<u>179,809,212</u>
INCOME BEFORE FEDERAL AND STATE INCOME TAXES.....	7,994,204	4,650,084
Provision for Federal and State income taxes.....	4,000,000	2,190,000
NET INCOME	<u>\$ 3,994,204</u>	<u>\$ 2,460,084</u>

COMPARATIVE STATEMENT OF EARNED SURPLUS

For the Years Ended September 30, 1955 and 1954

BALANCE BEGINNING OF YEAR.....	\$ 16,693,286	\$ 16,301,178
NET INCOME	3,994,204	2,460,084
	<u>20,687,490</u>	<u>18,761,262</u>
DEDUCT:		
Dividends paid—\$1.85 per share in 1955 and \$1.60 in 1954.....	2,391,097	2,067,976
BALANCE END OF YEAR.....	<u>\$ 18,296,393</u>	<u>\$ 16,693,286</u>

ARTHUR ANDERSEN & CO.

**120 SOUTH LA SALLE STREET
CHICAGO 3**

To the Board of Directors,

WALGREEN Co.:

We have examined the consolidated balance sheet of WALGREEN CO. (an Illinois corporation) AND SUBSIDIARY COMPANIES as of September 30, 1955, and the related statements of consolidated profit and loss and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We had previously made a similar examination for the year ended September 30, 1954.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated profit and loss and earned surplus present fairly the financial position of Walgreen Co. and subsidiary companies as of September 30, 1955, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & Co.

Chicago, Illinois,

November 15, 1955.

NEW STORES OF 1955

- Appleton, Wis., Valley Fair, 731 Foster
- Chicago, Ill., 4609 Broadway
- Chicago, Ill., Lake Meadows, 3405 S. Parkway
- Cincinnati, Ohio, Western Hills, 6030 Glenway
- Denver, Colo., Cherry Creek, 1st & University
- Hammond, Ind., Woodmar, 6632 Indianapolis
- Houston, Tex., Merchants Park, 1003 N. Shepherd
- Houston, Tex., Palms Center, 5218 Griggs
- Houston, Tex., Shepherd Drive, 3832 N. Shepherd
- Memphis, Tenn., Lamar Village, 2760 Lamar
- Miami, Fla., Biscayne Plaza, 7941 N. E. Fifth
- Moline, Ill., 1611 Fifth
- Nashville, Tenn., 2101 Green Hills Village
- Park Ridge, Ill., South Park Center, 800 Devon
- St. Louis Park, Minn., Knollwood Plaza, 8308 Highway 7





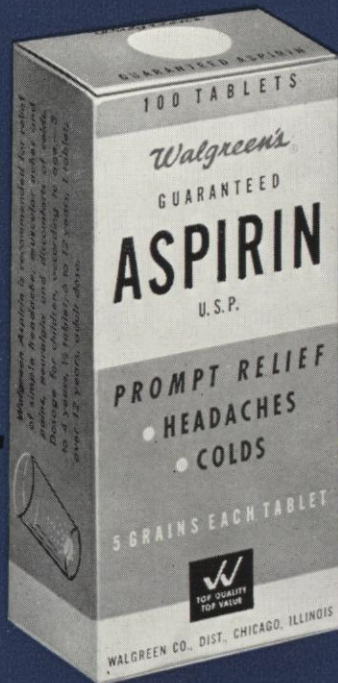
Major

Remodelings

Baton Rouge, La., 200 Third
Berwyn, Ill., 6350 W. Cermak
Chicago, Ill., 5501 S. California
Chicago, Ill., 5967 W. Chicago
Chicago, Ill., 7500 Exchange
Chicago, Ill., 9200 Commercial
Chicago, Ill., 5531 W. Lake

Chicago, Ill., 2400 Madison
Chicago, Ill., 4001 Milwaukee
Chicago, Ill., 151 N. State
Geneva, N. Y., 60 Seneca
Minneapolis, Minn., 733 Marquette
Oak Park, Ill., 6001 W. North
Peoria, Ill., 400 Main

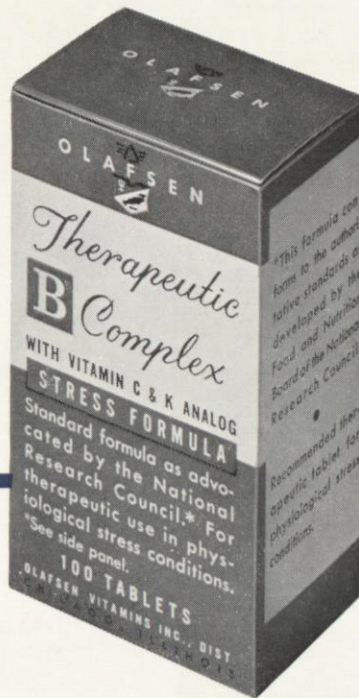
PRODUCT PROGRESS

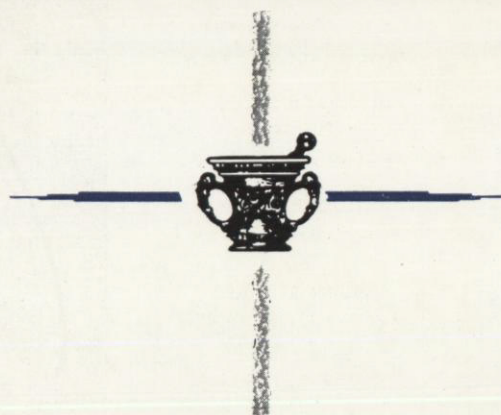


MANUFACTURE of Walgreen Products in our own Laboratory gives us a two-fold selling advantage: We can guarantee the superior *quality* of our products. We can guarantee this quality at the most reasonable *price*.

TO INTRODUCE new customers to the merit of Walgreen-made products, we promote their sale through consistent advertising, vigorous merchandising, and the visual appeal of effective packaging.

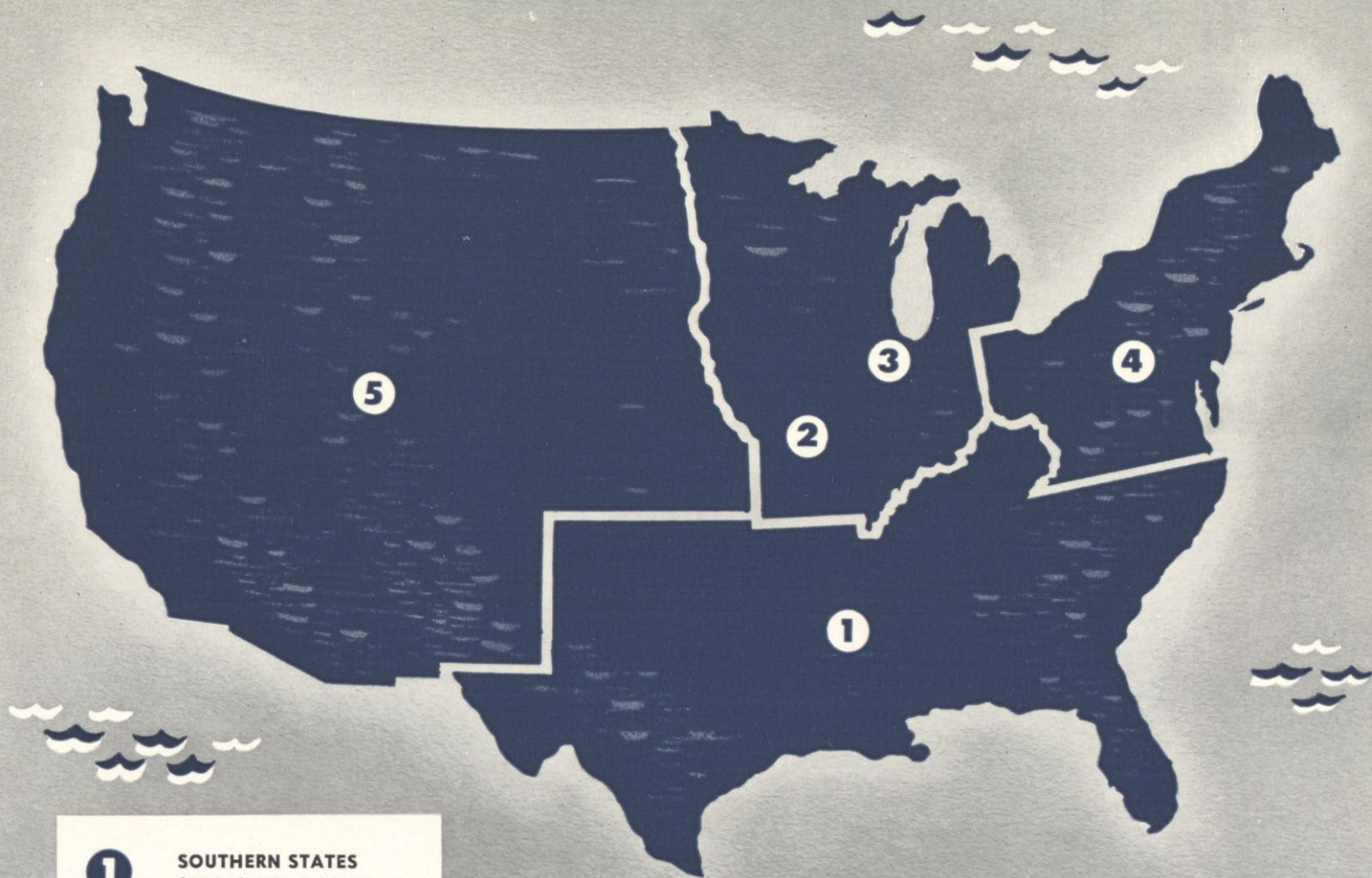
WIDER DISTRIBUTION is achieved through the independently-owned Walgreen Agency Stores which bring Walgreen Products to over 1700 more outlets throughout the nation.





PHARMACY . . . a rewarding responsibility

"Compounding prescriptions with the utmost care is the most important single thing in our business." That is the guiding philosophy, established by Company Founder C. R. Walgreen, Sr., that we have faithfully followed for over 50 years. It has earned us the respect and good will of the medical profession, the faith and confidence of the public. It is the keystone of a rewarding, growing prescription business—the nation's largest. And there is this important extra dividend: This professional prestige strengthens customer confidence in our entire business relationship.



- 1** SOUTHERN STATES
\$55,132,553 or 28.6%
- 2** MIDWEST STATES
(Chicago excluded)
\$54,889,138 or 28.5%
- 3** CHICAGO, ILL.
\$40,246,596 or 20.9%
- 4** EASTERN STATES
\$22,839,317 or 11.8%
- 5** WESTERN STATES
\$19,627,489 or 10.2%

DISTRIBUTION OF SALES

As a share-owner, you'll be interested in our sectional distribution of sales, outlined above. 388 Walgreen Drug Stores, at key locations, serve communities across the nation. In addition, over 1700 independently-owned Walgreen Agency Drug Stores carry our name and our products into many more areas not directly served by our own stores. And our affiliate in Mexico, the celebrated *Sanborns stores*, gives international scope to our operation.

"Walgreens—the Nation's Name for Drug Stores"



*“More people trade at Walgreen s
than at any other drug stores
in the world.”*